

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1095 – SB 1078

April 1, 2017

**SUMMARY OF ORIGINAL BILL:** Requires the Department of Revenue to report, by March 1, 2018, to the Finance, Ways and Means Committees of the General Assembly, the annual number and amount of franchise and excise tax credits or exemptions issued to privately-owned air carriers, general aviation airports, and aeronautical facilities operated in this state.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (006491):** Deletes all language after the enacting clause. Requires an amount of franchise and excise (F&E) tax revenue collected by the state within participating municipalities and counties be distributed to an airport for repayment of grant funds, if a regional airport authority is formed for such an airport and the authority receives grant funds from the state for the planning and construction of any aerospace industrial park. Establishes that such a distribution shall apply to the ten-year period after the date on which construction of the park begins and shall cease upon repayment of the grant funds. Requires stakeholders in the regional airport authority to repay the grant funds to the state if the F&E tax revenue distributed to the authority during the ten-year period is insufficient to repay the grant.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – Franchise and excise taxes are not sourced to locations. Therefore, the amount of such taxes collected within a municipality or a county that would be required to be distributed to airports cannot be determined with reasonable certainty. However, to the extent this could be accomplished, the increase in state expenditures to any relevant airport is reasonably estimated to exceed \$500,000 each year of the ten-year period.**

Assumptions for the bill as amended:

- According to the Department of Revenue, there are currently no grants that were provided to regional airport authorities that require repayment.
- F&E taxes are not collected based on situs. Businesses subject to the tax that have multiple locations file one F&E tax return for all locations. As a result, the amount of

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F&E tax revenue collected within a municipality or a county cannot be determined and distributed to airports as required by this bill as amended.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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